

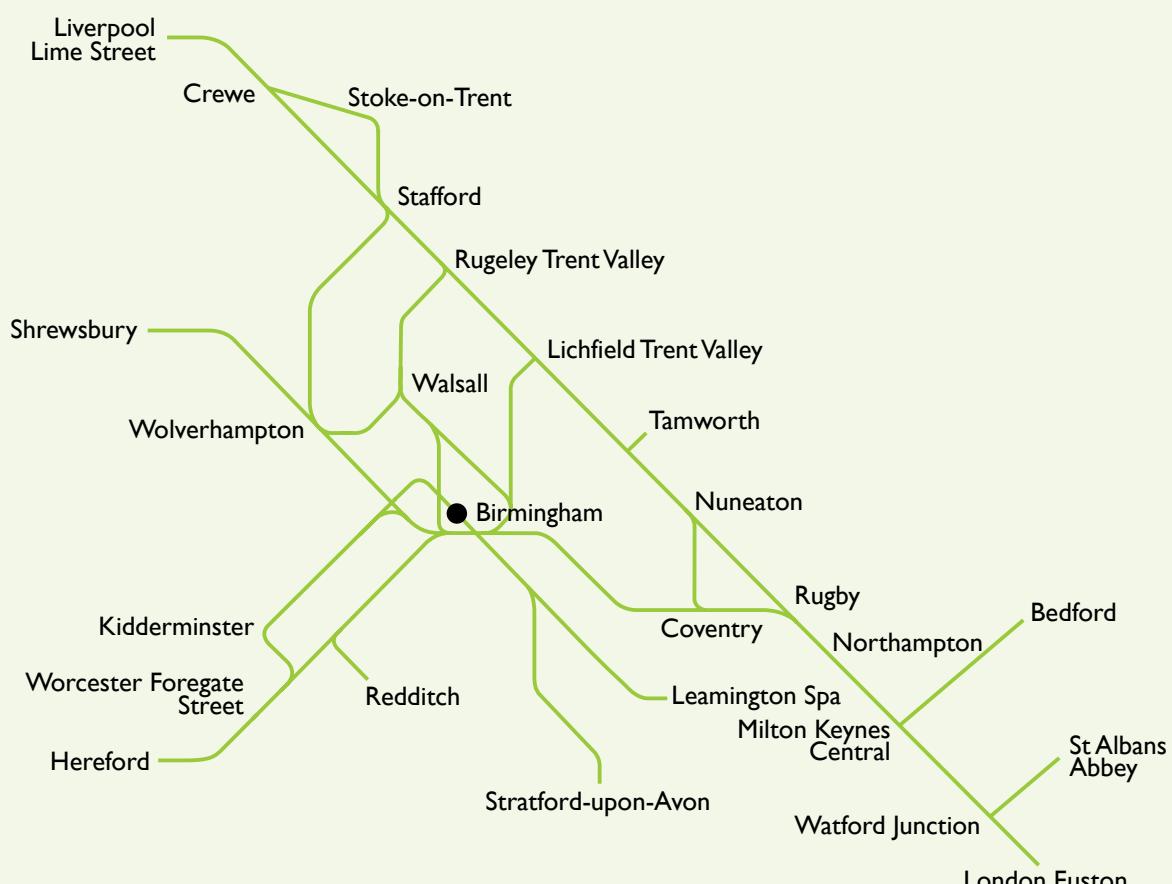
Sustainability report
2013



londonmidland

We aspire to be a modern railway company delivering a punctual service, informing and putting our customers at ease by doing our utmost to make their day go well.

Where we operate



2013 highlights

- 60 million passenger journeys in the last year
- 1,413,700 million passenger miles – up 9.5% from last year
- 80% of our customers are satisfied with our service compared to the national average of 82%
- Retained our Investors in People Bronze award
- Retained our ISO 1401 Quality Standard

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Key facts

£357m
Turnover

60m
passenger journeys

1,413,700
passenger miles

148
stations operated

For more information,
visit our website:
www.londonmidland.com



We're a part of the
Go-Ahead
Group

Developing our relationships



As one of Britain's major train operators we know that we have an important responsibility to work sustainably and to encourage our passengers and colleagues, who are increasingly aware of the issues, to help us.

So welcome to our annual sustainability report. I am proud to tell you what we have been doing in 2012/13 to improve our performance. I would also like to recognise the work of my colleagues in London Midland to make us a responsible company, employer and member of the community.

We now have one of the youngest train fleets in the country, built to modern standards and in the case of our new diesel fleet compliant with the latest exhaust emission standards. Despite the current economic climate we have maintained our passenger numbers, with faster, quieter air-conditioned trains and new services introduced. We've had plenty of reasons to celebrate; this year we were given the Rail Business Award for Marketing Campaign of the Year for a record breaking fourth year in a row – a first for any train operator.

We also won the National Rail Award for Putting Passengers First for the second year running, in recognition of the work we've done to keep our customers informed through innovative use of social media – particularly Twitter.

Our passengers have every right to enjoy a good service from London Midland so we were disappointed that our latest National Passenger Survey scores had dropped. This may be because the survey was taken at a time when our performance was at an unprecedented low, compounded by infrastructure issues. Nevertheless 8 out of 10 passengers remained satisfied with London Midland.

Last November our performance hit a low point with 77% of our trains punctual. Since the beginning of 2013 we have made a good recovery, to the extent that by the end of the 2012/13 financial year 90.2% were on time.

Patrick Verwer, Managing Director

October 2013

Leading the way

Performance highlights

110 mph
new faster trains

34 mins
time saving on Trent Valley route to Euston

350
new and refurbished cycle parking spaces

£1½ m
worth of station accessibility improvements



Safety

Sustaining a secure environment for our people, customers and visitors.

Following on from our comprehensive safety culture survey last year, we continue to work closely with our managers to provide them with central occupational health and safety support, whilst establishing a front line which takes safety seriously. We have recently invested in an online safety management and reporting system which will be rolled out across the coming year, enabling front line managers and Health & Safety Representatives to engage directly on accidents and incidents, through online reporting, action allocation and live data extraction.

There has been a considerable improvement in both our workforce and passenger assaults figures, which has been influenced by the ongoing work of the Workforce Assaults Working Group. The group involves both London Midland Health & Safety Representatives and British Transport Police among its members.

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Environment

This is our third annual increase in recycling; on average we recycle over 90% of our waste – a major achievement. We've introduced dry mixed recycling to nearly all our depots and stations with plans in place to get the remaining 10 sites recycling too. All of our recycling is still done by our contractor Biffa, with all waste being sorted and separated at their sites.

We've introduced a LM freecycle service (recycle@londonmidland.com), to encourage staff to share un-needed materials and equipment rather than simply asking for a skip. This has helped to identify 'waste' like old benches and furniture, which we've then been able to assign to other sites instead of just throwing it away.

Our dedicated Utilities Manager carried out a project to identify all of our electricity, gas and water use. We fitted another 41 electricity supplies with automated metering (AMR) to help us monitor energy use, because once you can accurately monitor it you can properly manage it.

In 2012/13 our electricity use went up due to a combination of new electricity demand for station improvements and Access for All works as well as this year's extended winter weather. We replaced the car park lights at Hemel Hempstead station with modern LED equivalents, which has resulted in an immediate 26% reduction in electricity use at the site, and we're now identifying other sites where this would work in the remainder of our extended franchise.

The CO₂ emissions from our diesel train fleet are much improved, but still below target; again this is a result of the extended winter weather – as the train heating was kept on for around 10 weeks longer than usual, we consumed a lot more diesel fuel.

As a result of greater tracking and monitoring of water use, with support from Network Rail we've had some major water leaks fixed. Our total water use for the year is down 24% (over 48,000 cubic metres or tonnes of water saved), and at key sites like Tyseley maintenance depot we've saved over 70% by having the entire water system renewed. We've also retained our ISO 14001 certification for the third year in a row, confirming that we have good management systems in place.



Leading the way

Performance highlights

90%
of waste recycled on average

95%
recycling rate in some months

75%
less nitrous oxide produced by new
Class 172 trains' travel solutions

Putting our passengers first

Our award-winning Twitter channel now has some 50,000 followers, the vast majority of whom are London Midland travellers. Over 200,000 tweets have been sent since 2010, the vast majority of which are of a customer service nature, giving updates on disruption and answering individual customer queries. This makes @LondonMidland the most active train company account in the world, and the blueprint for most train operators across the UK. Over the past year, we have supplemented this activity with a renewed focus on Facebook, offering passengers the opportunity to feed back on their journey experiences as well as learning about the latest marketing campaigns and offers across the network. This social media activity has led to our inclusion in the Social Brands 100 (one of only two UK rail companies to feature); we also won the coveted 'Putting Passengers First' award at the National Rail Awards for an unprecedented second year running.

In the National Passenger Survey for spring 2013, a number of scores saw improvements, with a 6% increase in satisfaction with facilities and services at the station, and a further 3% increase in train toilet satisfaction (now standing at 16% above the national average). We also continue to show strong performance in train upkeep and repair (7% above the national average) and value for money (9% above average).

The results have been particularly strong on our route through Birmingham Snow Hill, which has benefited from our smartcard scheme 'the key' – rolled out across all stations from Stratford-upon-Avon to Worcester during 2012 – and the introduction of a brand new fleet of Midlands-built trains in late 2011. Punctuality has also been very strong in recent months, helped by an improvement in the reliability of both trains and infrastructure.

Across the network, timetable development has continued to deliver benefits for passengers, including improved Sunday services on the Hereford to Birmingham and Stratford to Birmingham routes. However, the biggest enhancement has been on Trent Valley services, following the launch of Project 110, which involved upgrading London Midland's class 350/1 Desiro trains to travel at 110mph. The increased speed has enabled us to cut up to 35 minutes from the existing journey times, as well as providing an extra departure between Milton Keynes and London every hour. Further enhancements to the timetable are planned for the coming year.



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Employees

We know that our employees are the key to our success. We're continuing to invest in a number of different strategies designed to improve the experience for our colleagues. The core element of this is 'Strong Foundations' – a broad-reaching programme of work designed to improve the quality and reliability of our train service, and provide our managers with the training, development and support they need to do a good job.

In May 2013 we carried out our second annual 'Spring Survey' – our employee engagement survey, with questions covering all areas of engagement. The feedback told us 85% of our people are clear about what they are expected to do every day, and that we're improving in a number of key areas, including how we manage performance and communicate with each other.

Areas we need to focus more on include involving more people in the decisions that affect them, and understanding of our vision for the future. We've already begun some work to address that issue, which we hope to share in September. The results of the survey are also used by our local leadership teams to understand what we can do differently to make London Midland a great place to work. After all – 'engagement is local'.

The core design and ethos of our internal recognition programme – the Ambassador Award – has been adopted by our sister TOCs, which last year yielded our highest ever number of winners. We were delighted last year that Simone Carter won Outstanding Customer Service of the Year, beating off very worthy competitors!

Continuing our focus on leadership development, we have been working with our customer-facing managers on an Engaging Leaders Programme, designed to give them the tools to lead and inspire their teams to make a positive difference for customers.

We've continued our valuable partnership with unions to implement Live2Learn. It enables people to take free courses and gain qualifications in a way that fits in with their work and family commitments. Many of the qualifications can be gained through e-learning, via email and online, and are supported by face-to-face tutor sessions, as and when required. All the courses are free and confidential and sponsored by London Midland and all the Rail Trade Unions.

Working at London Midland means our people get some industry-beating benefits. As well as a great pension, free travel, cycle to work schemes and childcare vouchers, we've introduced new deals with tastecard, Merlin Group and the Comedy Club. We run regular competitions and have recently re-launched our award-winning internal magazine *Between the Lines*, to critical acclaim.

We have been accredited as an Investors in People organisation since 2007, and having achieved Bronze accreditation in 2010, we're now looking to achieve Silver later this year.



Working with the wider community

We remain committed to working responsibly in the wider community, and we work closely with our local authority partners and others to create and deliver integrated and sustainable travel. This year we have again sponsored our two Community Rail Partnerships the Abbey Line and the Marston Vale Line. Their work focusses on practical initiatives that, in the words of the Association of Community Rail Partnerships, "add up to a better more sustainable local railway. Improved station facilities, better train services and improved integration with other forms of transport." This is the key to our work in this important area.

The Marston Vale Community Rail Partnership actively

promotes community events and travel by train on the route between Bletchley and Bedford. The Abbey Line Community Rail Partnership promotes the line between Watford Junction and St Albans, and invests in facilities at stations that will benefit the community. Both partnerships actively support station adopters.

We were delighted when the Marston Vale Line CRP took first place in the 'Best Community Rail Event' category at the Community Rail Awards held in Swindon. This was for the 'Easter Eggspress' – the CRP's special train where children and their families are entertained by a face painter and balloon modeller, an Easter bonnet competition and, of course, the Easter Bunny! This makes two Community Rail Awards in a row, as last year's Leighton Buzzard station travel plan scooped first place as 'Best Integrated Transport Scheme'.

Each year we provide free travel for a wide range of community groups and charitable causes.

Leading the way

Our 2013 community highlights

£14,000

money raised for the Railway Children charity

Free

travel provided to a wide range of community groups and charitable causes

Each year we provide free travel for a wide range of community groups and charitable causes. Once again we have provided free travel for days out for the Solihull and Malvern Chernobyl children's group, we arrange independent living training trips for young blind people, and free travel for Guide Dogs for the Blind puppy-trainers. Our partnerships with stakeholders from around the communities we serve remains strong and, to date, with our partners we have delivered more than £9m worth of outside funded station improvements.

Introduced in 2012, London Midland Giving allows our staff to apply to us for up to 50% (£500 max) match funding towards their individual fundraising efforts. To date this amounts to a total London Midland donation of £13,811.

Data table

| | 2012/2013 | 2011/2012 | 2010/2011 |
|--|-------------|-----------|-----------|
| Safety | | | |
| SPADs* (per million train miles) | | 0.56 | 0.34 |
| Fleet with CCTV (%) | 103 | 50 | 46 |
| Environment | | | |
| Carbon emissions per passenger journey (kg) | | 2.13 | 2.49 |
| Station/depot energy savings | | | |
| – Gas consumption (kwh) | | 3,390 | 4,233 |
| – Electricity consumption (kwh) | | 16,651 | 15,760 |
| – Diesel Rail fuel efficiency (km per litre) | | 1.73 | 1.76 |
| – EC4T Rail fuel efficiency (km per kwh) | | 0.55 | 0.51 |
| Passengers | | | |
| Number of journeys running to schedule (%) | | 89.7 | 90.4 |
| Certified accessible trains (%) | | 55 | 63.2 |
| Certified accessible platforms (%) | | 60 | 79 |
| Web sales (%) | | 6.1 | 3 |
| Employees | | | |
| Number of employees | 2374 | 2,342 | 2,316 |
| Turnover rate (%) | 5.35 | 6.2 | 7.4 |
| Absence rate (%) | 4.7 | 4.5 | 5.1 |
| Number of staff training days | 4361 | 2,438 | 2,610 |
| Diversity by ethnic group (%) | | | |
| – Asian, black or other origin | 15% | 14.9 | 14.6 |
| – White | 85% | 85.1 | 85.4 |
| Diversity by gender (%) | | | |
| – Women | 18% | 17 | 17 |
| – Men | 82% | 83 | 83 |
| Average length of service (months) | 13 years 4m | 12yr | 11yr 10m |
| Community | | | |
| Charitable giving and investment (£) | | 19,129 | 3,576 |
| Number of stakeholder events | | 168 | 150 |

For information on the full Group data please visit our corporate website
www.go-ahead.com

Want to find out more?

You can find out more about London Midland by visiting our website www.londonmidland.com and more information on how London Midland manages sustainability can be found by visiting www.go-ahead.com/sustainability

If you have any comments, views or ideas on how we might improve, or have any thoughts on other issues that we should address in this report, please write to:

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Summary Verification Statement from Bureau Veritas UK Ltd

For the fifth year, Bureau Veritas UK Ltd has worked with the Go-Ahead Group plc to verify selected sustainability key performance indicator (KPI) data contained within the Group's annual report.

The information and data reviewed for this verification process relates to the period from 1 July 2012 to 29 June 2013.

This report was put together by the Go-Ahead Group and designed and produced by Black Sun plc, London

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